Investing in the FGP Core Plus+ Bond Fund

Expertise in credit analysis is a core competency of our Fixed Income team. The FGP Core Plus+ Bond Fund leverages this competitive advantage to create an investment solution that improves risk and return metrics of a universe bond solution. This is accomplished by investing in a core of federal, provincial, municipal, and investment grade corporate bonds while utilizing greater flexibility in allocations to each segment. Additionally, this solution further improves the risk and return profile by opportunistically adding "Plus" components such as high yield bonds, hybrids (bonds and preferred shares), convertibles, and foreign bonds.

Philosophy

We believe that superior investment returns are achieved by taking a long-term, bottom-up, value-oriented approach to investing based on detailed fundamental research and analysis. Our proven philosophy revolves around two long-standing core concepts:

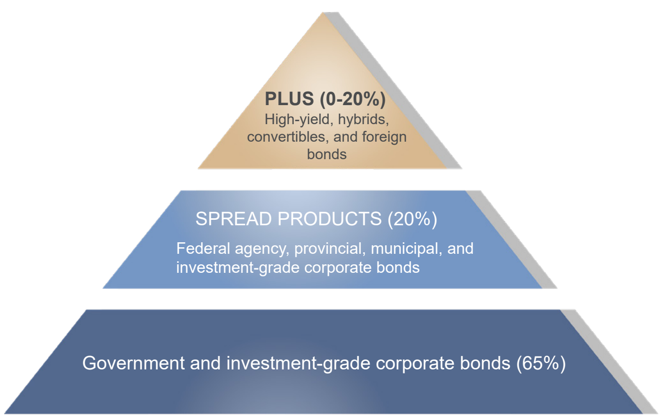
Understanding Quality

- We use a rigorous credit process to differentiate the level of risk between companies and each security they issue
- We seek to understand each business so that we can appreciate how a company's financial management and organizational structure complement or detract from the base business risk
- The credit process culminates in the FGP Investment Grade Rating (IGR), an internal risk rating of a company and the securities it issues

Disciplined on Valuation

- We employ a proprietary risk-based valuation tool to select fixed income investments
- Each security has an internal rating based on our internal credit research
- Using the internal rating we then use the proprietary FGP Internal Spread Matrix to determine if the market valuation is attractive
- This unique method of determining value enhances both the buy and sell decision

Investment Structure



Guidelines	
Cash range	0% -10%
Government / Government-guaranteed bonds	Minimum: 20%
Corporate bonds	Maximum: 80%
Plus+ component: High-yield bonds, hybrids (bonds and preferreds), convertibles, and foreign bonds	Maximum: 20%
Minimum bond credit quality	B (low)
Minimum bond portfolio credit quality	A
Duration	± 2 years vs. benchmark
Maximum direct holdings	50

*This Fund can include investments in any FGP fixed income funds as well as individual investment-grade securities.

Team

Team Member	Roles and Responsibilities	Year Joined FGP	Year Joined Industry
Ryan Domsy, CFA, MEcon, FRM	Portfolio Manager and Co-Head of Fixed Income	2010	2008
Robert Head, BA	Portfolio Manager and Co-Head of Fixed Income	1998	1990
Cam Greenwood, CFA	Portfolio Manager and Senior Analyst	2007	2007
Andy Thi, CFA	Senior Credit Analyst	2016	2012
Brooke Biscoe, CFA	Credit Analyst	2019	2013
Jesse Cotton, CFA, MBA	Trader/Junior Credit Analyst	2015	2015

Manager's Commentary

The second quarter marked a return to a more "normal" market environment in many asset classes. While risk assets continued to perform quite strongly, volatility subsided.

Inflation statistics moved notably higher in the quarter, and this continues to be a topic of many conversations. The fact that inflation is increasing during an economic recovery does not come as a surprise. What remains a bit more of a question mark is how persistent above-trend inflation will be. The answer will come in time, and we will be closely watching developments in the labour market, with wage and savings dynamics of North American consumers being key.

The two-year benchmark Government of Canada bond yield increased in the quarter. Further out the yield curve (10 years and longer), we observed a modest pullback in yields as the market continued to digest the jump in the first quarter. Our strategy's shorter than benchmark duration positioning combined with an underweight exposure to the long end (30 years) of the Canadian yield curve thus acted as a detractor from relative performance during the quarter.

A key driver of outperformance for our strategy has been an allocation to "Plus" factors. Preferred shares continued their notable rebound and bank capital bonds – Limited Recourse Capital Notes (LRCNs) and legacy capital – experienced spread tightening. While security selection within our core corporate investments continue to be a key driver of value-added returns for investors, our exposure to hybrids (bonds and preferred shares) provides meaningful added value to the strategy.

Looking forward, we remain cautious regarding the low level of long-term interest rates in Canada, despite the move higher in yields to begin 2021. Our activity remains measured as we continue to navigate this unique market environment with our focus on risk and downside protection – especially since valuations regained their pre-pandemic levels in some sectors of the market. We continue to use our credit analysis and valuation tools to identify opportunities that, in our view, present the highest probability of success in generating risk-adjusted performance, while also providing investors with a portfolio yield that is on average above that of the benchmark.